

Unleashing Opportunity by Unlocking Private Investment in International Infrastructure

study group comprising leaders in the financial sector who explored how to close the

There are a variety of ways Development Finance Institutions (DFIs) and Multilateral Development Banks (MDBs) can activate private capital support for EMDE infrastructure investments. The traditional focus has been on transaction-level mobilization from commercial banks and equity investors, along with balance sheet mobilization by issuing bonds. There is even greater opportunity to mobilize capital at scale from institutional investors. The study group offers the following recommendations to bolster global opportunities, strengthen the rule of law, and expand American exports to advance US national security and foreign policy objectives. Most recommendations can be enacted by MDB/DFIs without further authority. Administrative or legislative action may help enable and encourage those recommendations marked with an *.

Transaction-Level Mobilization from Commercial Bank and Equity Investors

Enhance Tool for Addressing Currency Risk. Enhancing the ability to mitigate currency risks is a primary avenue to greater activation of private investment. Helping countries develop programs that offer a currency swap from the government is one option. Another is MDB/DFI issuing greater local currency bonds to enable them to de-risk projects through increased local currency lending while also developing local capital markets. Funding and risk participation agreements from local institutions could be another route to channel local liquidity into infrastructure investments in the local currency.